WORKERS' COMPENSATION BOARD OF BRITISH COLUMBIA

1989 ANNUAL REPORT

WORKERS' COMPENSATION BOARD OF BRITISH COLUMBIA

90-04457/

23 March, 1990

To: His Honour the Lieutenant-Governor in Council
of the Province of British Columbia

May it please Your Honour, Sir:

As required by Section 69 of the Workers' Compensation Act, we now submit the Annual Report of the Board, for the year ended 31 December, 1989.

Yours sincerely,

Norman Jacobsen

Norman Jacobsen, Minister

THE STATISTICS SECTION OF THIS REPORT IS AVAILABLE AS A SEPARATE PUBLICATION ENTITLED STATISTICS '89 *AND IS AVAILABLE FROM ANY WCB OFFICE.*

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23 March, 1990

The Hon. Norman Jacobsen
Minister of Labour and Consumer Services
Parliament Buildings
Victoria, B.C.
V8V 1X4

Mr. Jacobsen:

As Acting Chairman, I take pleasure in presenting the 1989 Annual Report for the Workers' Compensation Board of British Columbia.

Our province is experiencing a period of unprecedented economic growth. Employment has grown steadily in the past several years. The forest products and construction industries in particular have expanded significantly since the recession of the early 1980s. As often happens in such times, increased industrial activity is accompanied by an increase in the number of workers injured on the job.

In 1989, more B.C. workers and employers than ever were served by the WCB. For the first time in our history, we received more than 200,000 claims from injured workers. It was also the first year in which more than 100,000 employers were registered under the provincial compensation system.

Like no other year, 1989 tested our resources. I'm pleased to say that we met the challenge and more. Hard work often brings out the best in people. It forces them to think of new solutions to problems, to use existing resources in more creative, more efficient ways.

The 1989 Annual Report features just a few of our 1,722 employees helping workers and employers in every corner of the province. The report is a tribute to the work done by all WCB employees, to their perseverance and dedication, whether in making the job site a safer place for B.C. workers and employers or in providing financial support and rehabilitation services for those injured on the job.

Sincerely,

Bill Greer

F. W. Greer
Acting Chairman

Financial And Statistical Highlights

FINANCIAL (,000's)	1989	1988	Percentage Change
Assessment Income	$520,737	$441,951	17.8%
Investment Income	$315,947	$272,595	15.9%
Cost of Workers' Claims	$410,350	$369,256	11.1%
Administration Expenses	$ 97,863	$ 88,033	11.2%
Surplus	$225,549	$205,466	9.8%
STATISTICAL			
Employers Registered	103,515	98,523	5.1%
Claims First Reported	207,019	192,515	7.5%
OS&H Inspection Reports Issued	39,529	42,973	(8.0%)
Administration Expenses as a Percent of Total Income	11.7%	12.3%	—

Assessment Income - the substantial increase over 1988 is largely the result of increased economic activity. The 1989 aggregate assessment rate is estimated to be $1.79 per $100 of assessable payroll. The maximum assessable wage for 1989 was increased to $42,200.

Investment Income - the return on the average market value of the investment portfolio was 10.9% compared to 10.2% in 1988. The real rate of return, being the yield in excess of C.P.I., was 5.8% compared to 5.9% in 1988. The total investment income was higher in 1989 mainly due to the increase in the size of the portfolio and to higher interest rates.

Cost of Workers' Claims - the maximum wage for benefits was increased from $41,300 to $42,200. The total cost of workers' claims increased 11.1% as a result of increases in the injury rate, inflation and general employment levels. The claims severity, however, remained relatively stable.

Administration Expenses - the 11.2% increase reflects inflation increases and the Board's commitment to upgrading services to the public, particularly in Occupational Safety and Health and in Claims Adjudication. It also reflects the Board's ongoing computerization of its facilities and systems.

Surplus - the 1988 surplus of $205 million increased to $226 million. The benefit maintenance and assessment rate stabilization reserve of $146 million in 1988, which forms part of the surplus, was transferred to unappropriated surplus in 1989.

2 p.m. Phelps Rig #24 at the junction of the Beaton and Peace rivers. 20 km southeast of Fort St. John. Temperature -20 C.

WCB Safety Officer Barry Holland inspects the line for a drill rig "escape buggy". If there is a fire on the rig or a blow-out while the derrick man is atop the 40-metre derrick, he can jump on the escape buggy and ride down the line to safety.

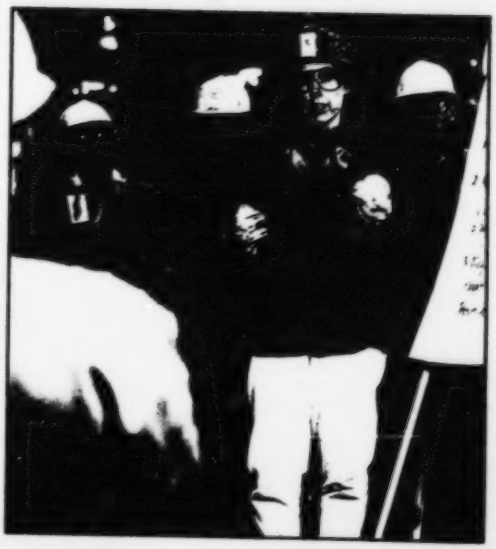
Holland does about 350 safety inspections every year on a wide variety of industries in B.C.'s northeast. Drill rigs, seismic crews, lumber camps, sawmills he inspects them all, in all kinds of conditions.

1 p.m., Vancouver.

WCB Occupational Hygiene Officer Anne Jopling shows workers and safety representatives at a steel fabrication plant how and when to use a respirator.

Hygiene officers usually combine a scientific background with a concern for workplace safety. In an increasingly complex world, where the number of chemicals and chemical processes we are exposed to at work seems to grow daily, hygiene officers are the link between the scientist and the shop floor. They translate complex medical studies and scientific data into practical safety programs.

Along with her educational duties, Jopling also does health and safety audits and 180 job site inspections every year. She inspects everything from pulp mills to auto body paint shops.



Occupational Safety And Health Division

The Occupational Safety and Health Division (OS&H) is responsible for Education and Training, First Aid, Field Services, and Research and Standards. The division's primary aim is the promotion of workplace safety and health.

OS&H officers completed 39,529 workplace inspections in 1989. Compliance orders totalled 60,561.* Penalties assessed by the division increased to 647 from 517 in 1988.

WCB Safety, Hygiene and Safety & Health officers gave 2,865 educational presentations around the province in 1989. Programs such as Asbestos Identification, Logger Safety Seminars, Supervisor Training, Lock-out Procedures and Mobile Equipment Safety are an integral part of the WCB's commitment to safety in the workplace.

WHMIS

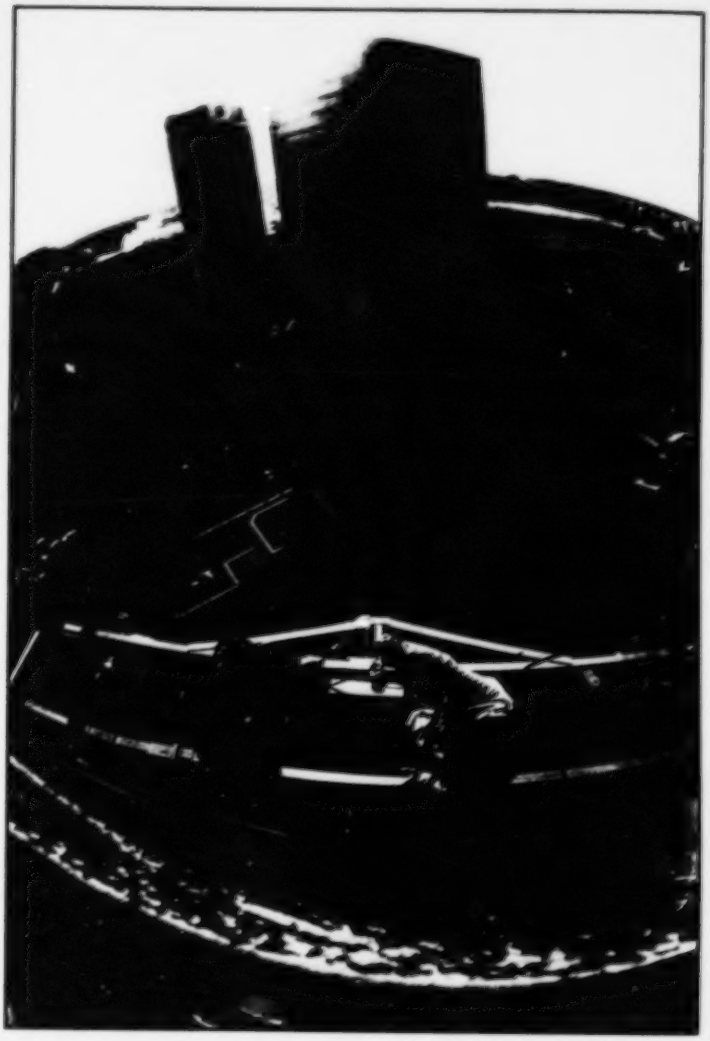
The Workplace Hazardous Materials Information System (WHMIS) gained wide-spread acceptance in industry during 1989. WHMIS is a national system of regulations requiring all hazardous materials to be properly labelled and accompanied by relevant safety information. WHMIS also requires that workers be educated about the system and trained in the safe handling of hazardous materials.

The WCB distributed more than 20,000 WHMIS core manuals and 250,000 information booklets across Canada. The Education and Training section conducted WHMIS implementation seminars around the province to educate workers and employers about the program. Many chemical consumers and manufacturers found that, thanks to the WHMIS program, they are making more informed choices about the chemicals they use in the workplace.

Order Tracking

Order tracking is a computerized system that allows a WCB Safety Officer to follow up on compliance orders he or she has written to an employer. The system was developed in 1988 with the help of the Information Systems department and became fully operational in 1989.

* Note: Some statistics, like numbers of inspections, compliance orders and educational presentations, may not be representative due to a 1989 labour dispute that lasted approximately one month.



10 a.m. 100 metres above Georgia Street, downtown Vancouver.

WCB Engineer Martin Kuster (right) checks the work platform for window washers on the Hongkong Bank of Canada Building. With him is a representative of Specialized Equipment Products, designers of the system.

Ensuring the safety of window washing systems is the job of WCB engineers like Kuster. Once a system is installed on a building, Kuster reviews the engineering drawings and does an initial inspection before workers are allowed to wash a single window.

"We check the guarding, the cable system and the complete roof car system. Then we do a few 'drops' in critical places to see how it runs."

After approval by a WCB engineer, the building's window washing system then receives annual inspections by a WCB Safety Officer.

"Safety... Make It Work For You"

Safety... Make It Work For You is a safety education program for young workers. It's aimed specifically at high school students in grades 10 through 12. Designed by OS&H and Community Relations, and tested in Richmond School District, the learning package has proved popular. In 1989, *Safety... Make It Work For You* was distributed to more than 500 schools in B.C., and requests for the program were received from schools in Alberta, Ontario, Newfoundland and the U.S.

Hearing Tests

Under the Hearing Conservation Program, 127,205 hearing tests were processed in 1989, up 12.9% from 1988. Workers in every industry were tested; however, particular attention was paid to the forest products and construction industries. The information gathered from hearing tests helps pinpoint dangerously-noisy work areas and educates workers on the hazards of high-level noise. The program will continue to test workers on an annual basis.

Logging Safety

A new logging safety program, developed in 1988, was introduced in 1989 to all regions of the province. The Logging Advisory Committee, established by the WCB, began development of a faller training program in 1989. Two important safety publications were written: *Helicopters in the Logging Industry* was released in 1989, and the *Fallers' and Buckers' Handbook*, eighth edition, was revised. The handbook, one of the WCB's most popular safety publications, will be released in 1990.

Education and Training

The Education and Training Section offered 178 courses in 1989. They covered a variety of topics from diploma courses in safety and hygiene to seminars on excavations, lock-out, powerline safety and WHMIS.

In cooperation with Cariboo College in Kelowna, the section also began development of a diploma program in Health and Safety studies for that institution.

11:30 a.m. "Flo 5 setting", 15 km west of Port Clements, Queen Charlotte Islands.

WCB Safety Officer Greg Soroka (left) talks safety with faller Henry Hertel "at the stump". Hertel has been a faller with MacMillan Bloedel for almost 20 years. He's never had a serious accident. One of the reasons for that remarkable safety record is the diligence of safety officers like Soroka. WCB safety officers enforce safety standards and inspect the operations of almost 6,500 logging contractors in every corner of the province.

Soroka flies in to the Queen Charlottes once a month and spends a week inspecting any one of a dozen logging camps on Graham Island. He knows most of the fallers by their first name and tries to talk with each of them individually on an inspection. "I try to get the guys to think about safety all the time, not just when I'm here," says Soroka. "And it's working. Dealing with people — that's what this job is all about."

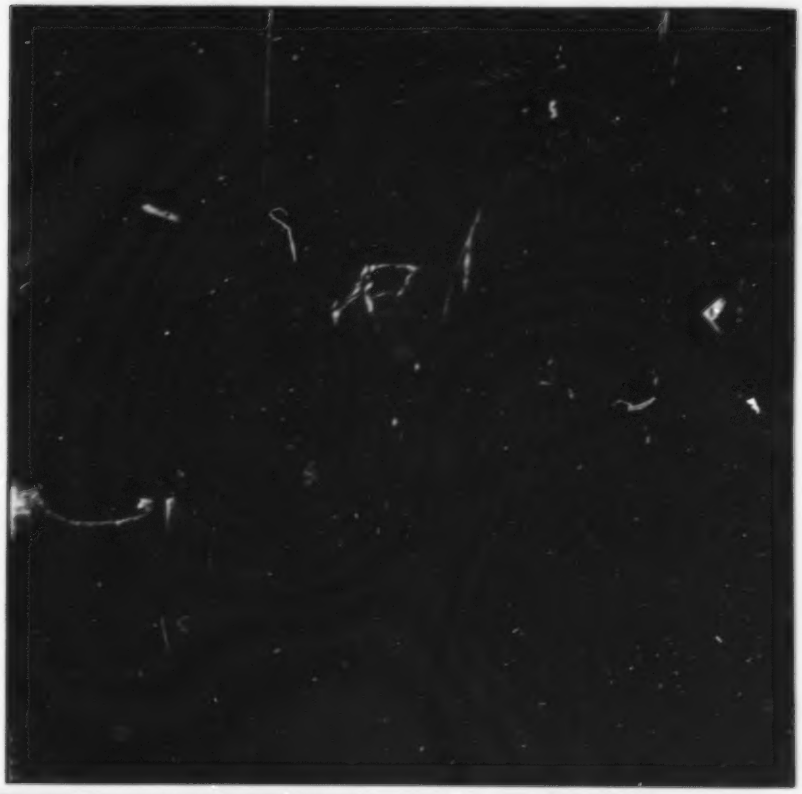
6:30 p.m. "Flo 5 setting", –2 C, snowing heavily.

Some logging operations run a double shift, to get the most out of their equipment. Working at night poses special problems for men and machine — limited visibility and colder temperatures can make the work tougher and more dangerous. Night inspections are just part of Soroka's job. Here, he watches one of MacMillan Bloedel's "grapple yarders" stacking newly-cut timber for tomorrow's day shift.

10 a.m. Pearson Hospital, Vancouver

WCB Vocational Rehabilitation Consultant Daljit Dhariwal (left) with claimant Robert Lambert. Lambert suffered a severe head injury as a truck driver in 1970. He has made a slow but steady recovery with help from the WCB and is now taking courses at a local college to upgrade his skills.

Dhariwal visits Lambert at least once a week. "I try to help as much as possible by arranging for the many medical and vocational support services that severely injured patients require. Linking people with community resources is a big part of my job."



3:30 p.m. WCB Prince George office

Wolfgang Wenzel (left) talks over his claim with WCB Claims Adjudicator Laurence Beatch.

Compensation Services Division

The Compensation Services Division administers wage-loss, pension and medical aid benefits to injured and occupationally-diseased workers.

In 1989, 96.1% of adjudicated claims were accepted. There were 207,019 claims first reported, up 7.5% from the 192,515 first reported in 1988. This is the first time in the history of the Board that claims have exceeded 200,000. The increase can be attributed, in part, to increased economic activity in B.C.

The maximum wage rate for calculating benefits was increased to $42,200 from $41,300. At $606.98 a week, the WCB of B.C. pays the highest weekly compensation rate in Canada.

A new, automated wage-loss system, developed in 1988 to increase WCB efficiency in paying wage-loss benefits, became fully operational in 1989. Claimants and staff found the system increased the speed and efficiency with which wage-loss cheques are issued.

An internal Policy and Review department was created to provide a managerial review for workers and employers who disagree with a negative decision on their claims.

Vocational Rehabilitation

Vocational Rehabilitation Services assists injured workers in returning to productive employment by providing assessment, counselling and a wide range of training programs.

Increasing claims volume in 1989 meant more injured workers than ever required rehabilitation assistance. Since every worker's situation is unique, vocational rehabilitation plans are developed on an individual basis. One successful method of returning injured workers to the labour force is the Graduated Return to Work Program, in which workers are slowly reintegrated into the workplace over a period of weeks.

1:30 p.m. Gait class, WCB Amputee Unit.

"OK. Stand straight. Lean forward and get your shoulders over the crutches..."

Walking is so simple. Even babies do it. But when you've been seriously injured in a workplace accident like Layton Dedosenco (right), you may have to learn how to walk all over again.

It can be a long, painful and frustrating experience. No one knows that better than WCB Remedial Therapist Ian Dukes. In 29 years at the WCB's Amputee Unit, Dukes has taught hundreds of injured workers to walk again. He designs a specific exercise program for each amputee.

"I always set realistic goals for my patients. They have to have something to reach for. Invariably, they try to surpass them anyway. I like that. I'll work with them 24 hours a day if that's what it takes. The patients never cease to amaze me. It seems the worse the amputation, the greater the will to recover."

Medical Services Division

The Medical Services Division advises claims adjudicators and vocational rehabilitation consultants on medical matters relative to claims. The division also supervises the physical rehabilitation of many injured workers.

Medical Services Department

WCB physicians in the Richmond complex and nine area offices reviewed almost 49,000 files and performed more than 12,000 examinations in 1989. Specialist consultations were provided in orthopedics, neurosurgery, neurology, internal medicine, ophthalmology, psychiatry and chiropractic.

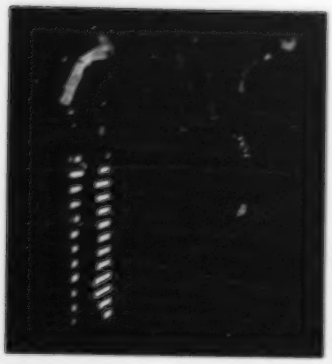
Psychology Department

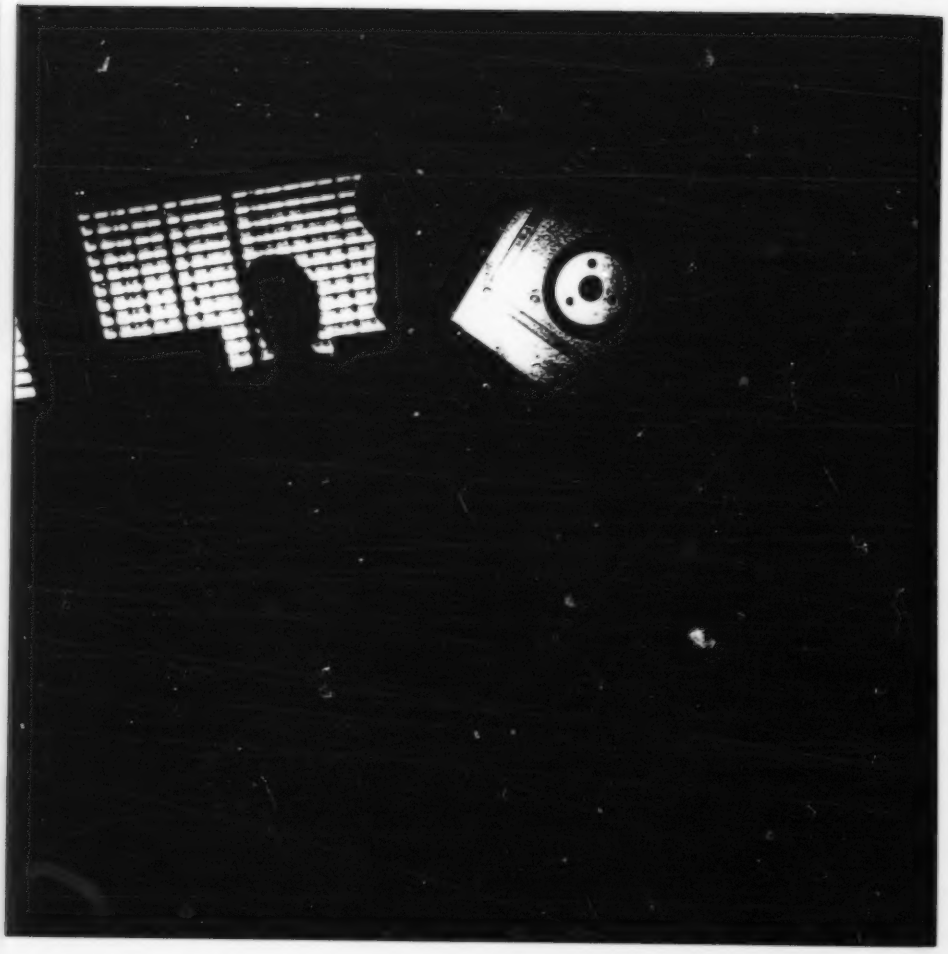
Some injury cases lead to behavioral changes in the patient, which in turn can cause further functional impairment (post-traumatic stress syndrome, for example). In such cases, a psychological assessment is necessary. In 1989, the Psychology department evaluated more than 800 cases, including 391 new cases.

Rehabilitation Centre

The Rehabilitation Clinic has two major treatment areas: Physical Therapy Services and Occupational Therapy Services. More than 3,000 injured workers receive specialized care in the clinic every year. The facility is considered one of the best in North America. In 1989, representatives from rehabilitation agencies in the U.S., Japan, Australia, New Zealand and Argentina toured the clinic.

The Functional Evaluation Unit (FEU) became fully operational in 1989. Functional capacity evaluation is a reliable method of assessing overall ability for work. It combines the experience of experts in the field of rehabilitation medicine and injury assessment with the latest in high-tech equipment. The FEU gives injured workers a more complete picture of their capacity for work. The unit has become a valuable rehabilitation tool.





A 3480 magnetic cartridge. Information Systems has more than 8,000 of these small tape reels for storing vital computer data. Each disk holds 200 megabytes — the equivalent of 200,000 pages of information.

Financial Services Division

The Financial Services Division is responsible for the Actuarial, Assessments, Controller's, Information Systems, Statistical Services and Treasury departments.

The compensation system is funded by assessments on employers and by income from investments. In 1989, the average assessment rate was $1.79 per $100 of payroll, making B.C.'s assessment rate one of the lowest in Canada.

The number of registered employers increased during the year to 103,515 from 98,523, up 5.1 percent.

The WCB of B.C. is one of the few compensation boards in Canada to have a surplus. The surplus stands at $226 million for 1989. A healthy financial position is one of the reasons the WCB is able to keep assessment rates low.

Information Systems

Major developments in the Information Systems department include:

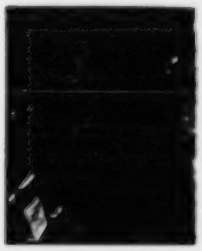
- The automated wage-loss system, developed in 1988, became fully operational in 1989. The system produces wage-loss cheques for injured workers quickly and efficiently.
- The final phase of the order tracking system also became operational in 1989. Order tracking enables WCB Safety Officers to keep track of compliance orders written on the hundreds of job inspections each performs every year.
- Work continued on the next phase of the WCB's new database environment. DB2 is a relational database system that will improve the flexibility and security of the Board's vital information assets. By February 1990, more than 85% of WCB data will be handled through DB2.
- The WCB's mainframe computer system was upgraded to accommodate a significant increase in workload. During 1989, daily transaction volume increased by 22% from 192,000 to 234,000 transactions per day. The number of attached workstations grew by 450 to more than 1,200.
- A new, high-volume laser printer was installed. The printer has dramatically increased the quality and production speed for many of the WCB forms used by workers and employers.

Statistical Services

Two new, five-year reports were released by the Statistical Services department. *Occupational Diseases in B.C. 1984-1988* and *Trends in Types of Accidents by Occupation 1984-1988* are updated annually. These studies are distributed to Safety and Hygiene officers and are available, free of charge, to the public.

Administrative Services Division

The Administrative Services Division includes Community Relations, Technical Services and the Rehabilitation Residence.



The WCB maintains an extensive collection of 70 film, video and multi-image productions, 150 brochures and more than 200 safety posters. Most are free, or available on free loan, to B.C. workers and employers.

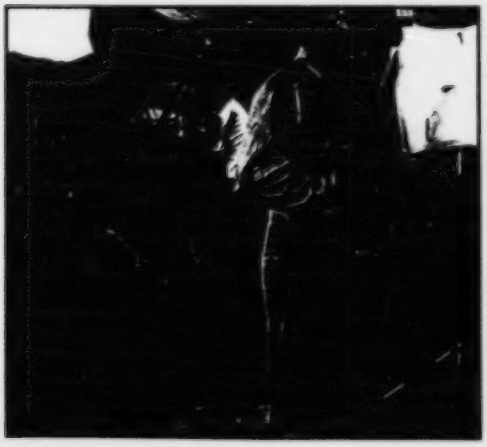
Community Relations

In 1989, Community Relations produced seven new videos, one multi-image show, a series of radio documentaries and a variety of new safety brochures. The quality of WCB communications was recognized internationally. Two videos in particular won numerous awards. *Falling* received a Gold Award from the Association for Multi-Image of Canada (AMI), the Craft Award from AMI for photographic excellence and a finalist award from the International Film and Television Festival of New York. *Introduction to Sawmills* won the Bronze Award from AMI, a Silver Cloud award from the International Television Association and First Place in the video competition from the American Association of State Compensation Insurance Funds (AASCIF).

The WCB's 1988 Annual Report, produced by Community Relations, won first place in AASCIF's annual report competition. *BackTalk*, a new booklet on backcare, won first place in the Safety and Health publication division.

The Films and Posters section filled 11,799 orders for safety posters and brochures, up 8% from 1988. The number of films, videos and multi-image productions circulated remained stable at just over 1,900 for the year. Most WCB safety literature is free to B.C. workers and employers. WCB films, videos and multi-image productions are available on free loan.

Community Relations organized the WCB's first "Safety Fair" in 1989. The exhibits and safety demonstrations proved so popular the event will be enlarged for 1990. Called "Safety Challenge", the 1990 Fair will include the Provincial First Aid Competitions, seminars on WHMIS and more exhibitors.



Technical Services

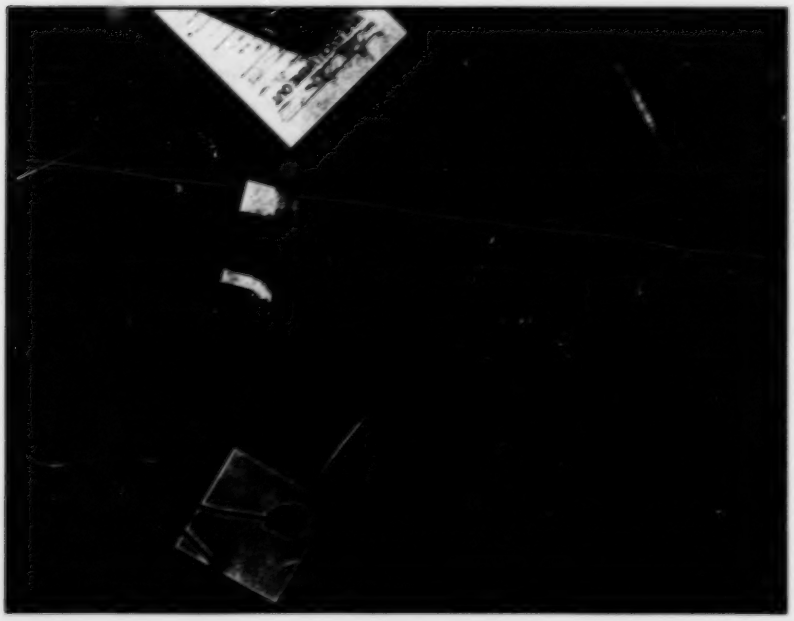
Technical Services initiated several programs to improve communication with the Board:

- The WCB's toll-free "Info-Line" system was expanded to include the nine regional offices. Now, workers and employers throughout the province can call their local WCB office without charge.
- Automatic call distribution to Claims, Occupational Safety and Health and Human Resources will speed outside telephone call referrals to these departments.
- A Vancouver box number mailing address was established to increase the efficiency of mail delivery.

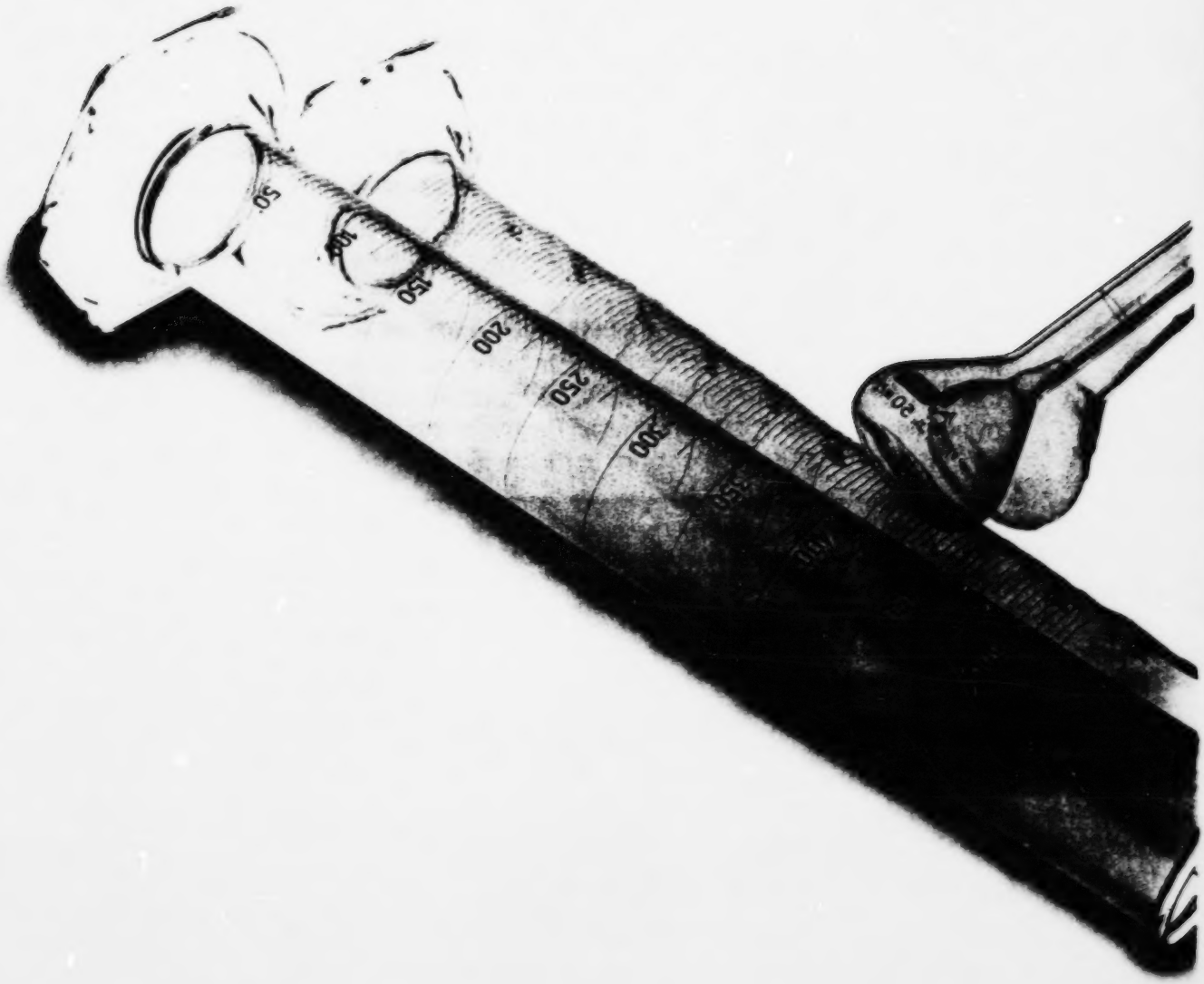
Through better use of existing space and re-configuration, the department also created 83 new offices and 77 workstations at the Richmond headquarters. Planning is under way for those regional offices now reaching full capacity.

Residence

The Rehabilitation Residence offers private rooms, full meals and a comprehensive recreation program for claimants who live outside the Lower Mainland area and require specific medical examination or who are receiving treatment at the WCB's Rehabilitation Centre. In 1989, 3,300 claimants were housed in the 195-room Residence in Richmond for a total of 44,000 days.



WCB Phone Control clerks, like Laurie Hunter, answer 130-150 calls every day. They refer questions on claims status, medical information or cheque inquiries to the appropriate departments.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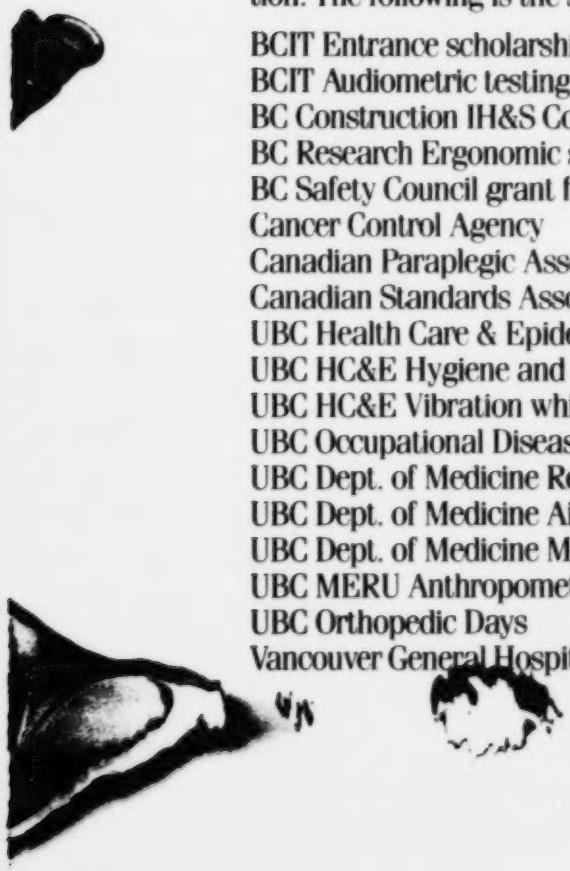
1989 Grants

The Workers' Compensation Board of British Columbia has a long history of supporting research and development. In 1989, the WCB funded a wide range of studies in Occupational Safety and Health and Rehabilitation Medicine studies that will lead to preventing asthma in sawmill workers, reducing the incidence of vibration "white finger" in fallers and to better orthopedic footwear.

The WCB also supports worthwhile efforts to integrate disabled workers into mainstream society. By encouraging employers to hire disabled workers, by establishing scholarships at post-secondary educational institutions and by supporting service organizations like the Canadian Paraplegic Association, the WCB heightens public awareness about disabled workers.

The WCB's grant program is balanced between medical research and education. The following is the schedule of 1989 grants:

BCIT Entrance scholarship fund	$	2,400
BCIT Audiometric testing booth	$	3,661
BC Construction IH&S Council van for on-site education	$	5,000
BC Research Ergonomic study of carpetlayers and tilesetters	$	62,000
BC Safety Council grant for education and service activities	$	25,000
Cancer Control Agency	$	150,000
Canadian Paraplegic Association (year 2/5)	$	67,500
Canadian Standards Association	$	9,540
UBC Health Care & Epidemiology (HC&E)	$	100,000
UBC HC&E Hygiene and toxicology instrumentation	$	28,459
UBC HC&E Vibration white finger disease study (year 6/7)	$	11,667
UBC Occupational Disease Research Unit (ODRU)	$	150,000
UBC Dept. of Medicine Red cedar asthma study	$	8,598
UBC Dept. of Medicine Air-purifying respirator study	$	21,816
UBC Dept. of Medicine Mobile lung function laboratory	$	32,670
UBC MERU Anthropometric study of foot & shoe last shapes	$	16,045
UBC Orthopedic Days	$	3,250
Vancouver General Hospital Automated posturography system	$	42,000
	$	739,606



Legislative Assembly
Province of British Columbia

AUDITOR GENERAL

8 Bastion Square
Victoria
British Columbia
V8V 1X4
(604) 387-6803

AUDITOR'S REPORT

To the Acting Chairman and Members of the Workers' Compensation Board, and

To the Minister of Labour and Consumer Services
Province of British Columbia:

I have examined the balance sheet of the Workers' Compensation Board as at December 31, 1989 and the statements of income and expense and unappropriated surplus, changes in fund liabilities, changes in reserve balances and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Board as at December 31, 1989 and the results of its operations and the changes in its fund liabilities, reserve balances and financial position for the year then ended in accordance with the accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Victoria, British Columbia
March 6, 1990

George L. Morfitt, F.C.A.
Auditor General

EXHIBIT 1

BALANCE SHEET
AS AT 31 DECEMBER 1989 (in $,000's)

	1989	1988
ASSETS		
Assessments and accrued interest receivable	195,958	134,352
Deposit account unfinalled claims receivable	79,929	80,585
Portfolio investments (Note 2)	3,042,601	2,754,793
Deferred long-term investment losses (Note 4)	14,603	44,875
Fixed assets (Note 3)	60,719	58,304
	3,393,810	3,072,909
LIABILITIES, RESERVES AND UNAPPROPRIATED SURPLUS		
Accounts payable and accrued liabilities	16,390	17,212
Accident fund liabilities (Exhibit 3)	3,079,920	2,779,380
Silicosis fund liabilities (Exhibit 3)	31,768	30,933
	3,128,078	2,827,525
Accident fund special reserves (Exhibit 4)	40,183	39,918
Benefit maintenance and assessment rate stabilization reserve (Exhibit 4)	—	145,946
Unappropriated surplus (Exhibit 2)	225,549	59,520
	3,393,810	3,072,909

The accompanying seven notes are an integral part of these financial statements.

Approved by the Board:

F.W. Greer
Acting Chairman

R.D. Gunn
General Manager
Financial Services

STATEMENT OF INCOME AND EXPENSE AND UNAPPROPRIATED SURPLUS FOR THE YEAR ENDED 31 DECEMBER 1989 (in $,000's)

	1989	1988
INCOME		
Assessments		
Classes	495,743	402,133
Deposit accounts	21,288	36,776
Penalties	3,706	3,042
	520,737	441,951
Investment income		
Earned for the year	310,081	270,853
Amortization of long-term investment gains (Note 4)	5,866	1,742
	315,947	272,595
	836,684	714,546
EXPENSE		
Current year claims		
Wage loss compensation	122,048	108,140
Medical aid payments	41,176	38,101
Pension awards, capitalized values	13,879	15,781
Provision for unfinalled claims	277,199	238,167
	454,302	400,189
Prior years' claims		
Adjustment to fund liabilities and reserves (Note 5)	238,688	222,414
Administration and other expenses		
Administration	97,863	88,033
Review Board and Advisers	5,990	5,274
Research grants and awards	758	868
	104,611	94,175
	797,601	716,778
NET INCOME (LOSS)	39,083	(2,232)
UNAPPROPRIATED SURPLUS — 1 January	59,520	77,899
APPROPRIATION TO SPECIAL RESERVES	(19,000)	(16,000)
TRANSFER FROM (APPROPRIATION TO) BENEFIT MAINTENANCE AND ASSESSMENT RATE STABILIZATION RESERVE	145,946	(147)
UNAPPROPRIATED SURPLUS — 31 December (Exhibit 1)	225,549	59,520

STATEMENT OF CHANGES IN FUND LIABILITIES FOR THE YEAR ENDED 31 DECEMBER 1989 (in $,000's)

	Accident Fund		Silicosis Fund	
	1989	1988	1989	1988
ADDITIONS TO THE FUND LIABILITIES				
Current year claims				
Provision for unfinalled claims	275,716	236,637	1,483	1,530
Pension awards, capitalized values (Note 6)	25,135	22,824	37	38
Prior years' claims				
Adjustment to fund liabilities (Note 5)	233,950	218,370	1,662	1,103
	534,801	477,831	3,182	2,671
DEDUCTIONS FROM THE FUND LIABILITIES				
Pensions paid	144,554	123,677	2,272	2,485
Wage loss compensation	55,176	54,128	(10)	—
Medical aid payments	34,531	32,864	85	73
	234,261	210,669	2,347	2,558
CURRENT YEAR INCREASE	300,540	267,162	835	113
BALANCE — 1 January	2,779,380	2,512,218	30,933	30,820
BALANCE — 31 December (Exhibit 1)	3,079,920	2,779,380	31,768	30,933
Represented by:				
Provision for unfinalled claims	1,380,804	1,203,408	10,402	10,331
Pensions awards, capitalized values	1,699,116	1,575,972	21,366	20,602
	3,079,920	2,779,380	31,768	30,933

EXHIBIT 4

STATEMENT OF CHANGES IN RESERVE BALANCES FOR THE YEAR ENDED 31 DECEMBER 1989 (in $,000's)

ACCIDENT FUND SPECIAL RESERVES

	Contingent	Disaster	Enhancement	Total 1989	Total 1988
ADDITIONS TO THE RESERVES					
Appropriation of net income	—	—	19,000	19,000	16,000
Adjustment to prior years' reserves (Note 5)	227	1,664	1,185	3,076	2,941
	227	1,664	20,185	22,076	18,941
DEDUCTIONS FROM THE RESERVES					
Pensions awards, capitalized values	—	1,020	10,038	11,058	7,046
Wage loss compensation	—	247	8,317	8,564	7,684
Medical aid payments	—	95	2,094	2,189	2,139
	—	1,362	20,449	21,811	16,869
CURRENT YEAR INCREASE (DECREASE)	227	302	(264)	265	2,072
BALANCE — 1 January	2,139	16,378	21,401	39,918	37,846
BALANCE — 31 December (Exhibit 1)	2,366	16,680	21,137	40,183	39,918

BENEFIT MAINTENANCE AND ASSESSMENT RATE STABILIZATION RESERVE

	1989	1988
CURRENT YEAR (DECREASE) INCREASE		
(Transfer to) Appropriation of surplus	(145,946)	147
BALANCE — 1 January	145,946	145,799
BALANCE — 31 December (Exhibit 1)	—	145,946

EXHIBIT 5

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 1989 (in $,000's)

	1989	1988
OPERATING ACTIVITIES		
Net income (loss)	39,083	(2,232)
Add (deduct) items not requiring cash:		
Provision for unfinalled claims	277,199	238,167
Adjustment to fund liabilities and reserves (Note 5)	238,688	222,414
Pension awards, capitalized values	13,879	15,781
Depreciation	8,467	6,921
Gain on disposal of fixed assets	(147)	(139)
Pension payments recovered from third parties	235	35
Deduct cash applied in settlement of fund liabilities or charged against special reserves:		
Pensions paid	(146,826)	(126,162)
Wage loss compensation	(63,730)	(61,812)
Medical aid payments	(36,805)	(35,076)
Funds provided by operating activities	330,043	257,897
OTHER ACTIVITIES		
Purchase of fixed assets	(11,246)	(10,284)
Proceeds from the disposal of fixed assets	511	230
Decrease (increase) in deferred long-term investment losses	30,272	(7,810)
Increase in assessments and accrued interest receivable	(61,606)	(18,786)
Decrease in accounts payable and accrued liabilities	(822)	(389)
Decrease (increase) in deposit account unfinalled claims receivable	656	(10,855)
Funds applied to other activities	(42,235)	(47,894)
INCREASE IN FUNDS INVESTED	287,808	210,003
FUNDS INVESTED — 1 January	2,754,793	2,544,790
FUNDS INVESTED — 31 December	3,042,601	2,754,793

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1989

Note 1 - Significant Accounting Policies

(a) Fund Accounting

Although the liabilities and reserves of the Board are allocated to the Accident and Silicosis Funds and various sub-divisions thereof, the assets are recorded on a pooled basis with no allocation of individual assets to specific funds.

(b) Portfolio Investments

Long-term investments, consisting primarily of bonds of the Government of Canada, various Provinces and Crown corporations, having terms greater than 1 year, are stated at market value. The amount by which market value differs from book value represents an unrealized gain or loss. Unrealized gains and losses occurring during the year, together with gains and losses realized on disposal of long-term investments during the year, are deferred and amortized on a straight-line basis over a five year period.

Short-term investments, consisting primarily of treasury bills and discounted bank notes, having terms less than or equal to 1 year, are stated at amortized cost.

(c) Fixed Assets

Fixed assets are reported at cost and are depreciated on a straight-line basis over their estimated useful lives. The rates used are as follows:

Buildings	20 to 40 years
Equipment	3 to 10 years
Furniture	10 years
Vehicles	5 years

(d) Accident and Silicosis Fund Liabilities

The Board appoints a consulting actuary who examines the Fund liabilities and the underlying assumptions and methods. The report of the consulting actuary is appended to these financial statements.

(i) Unfinalled Claims

Provisions for future claims costs relating to injuries occurring prior to 31 December 1989, for which the final settlement has not been determined, represent the unfinalled claims liabilities which are part of the Accident and Silicosis Funds established under Sections 39(1)(c) and 41(2)(b) of the Workers Compensation Act. Wage loss compensation and medical aid payments made, and the capitalized value of pension awards granted, after the year of injury (or after the year in which the claim is allowed, in the case of Silicosis), are charged to the respective unfinalled claims liabilities.

Note 1 - Significant Accounting Policies (continued)

(d) Accident and Silicosis Fund Liabilities (continued)

(ii) Pensions

Capitalized values of pension awards are credited to the pension liability provisions, which are then charged with pensions paid. When a pension is awarded for an injury which occurred in the current year, its capitalized value is treated as a current period expense. In the case of a pension awarded after the year of the injury (or after the year in which the claim is allowed, in the case of Silicosis), the capitalized value of the pension is charged to the appropriate unfinalled claims liability.

(e) Reserves

(i) Accident Fund special reserves established pursuant to Section 39 of the Workers Compensation Act are:

- Contingent Reserve [Section 39(1)(b)] which provides a reserve in aid of industries or classes which may become depleted or extinguished.

- Disaster Reserve [Section 39(1)(d)] which provides a reserve to be used to meet the loss arising from a disaster or other circumstances which the Board considers would unfairly burden the employers in a particular class.

- Enhancement Reserve [Section 39(1)(e)] which provides a reserve for payment of that portion of a disability enhanced by reason of a pre-existing disease, condition or disability.

Investment income is allocated to these reserves, pro rata, from total investment income earned by the Board.

Claims deemed by the Board to be covered by these reserves are deducted directly from the reserves and are not charged to current operations.

(ii) All amounts included in the Benefit Maintenance and Assessment Rate Stabilization Reserve as at 1 January have been transferred during the year to unappropriated surplus.

The Board determines the amounts required to maintain these reserves at an adequate level and resulting appropriations are prorated to the various employer classes.

(f) Current Year Claims

Wage loss compensation and medical aid payments represent expenditures resulting from injuries which occurred during the current year. Amounts recorded as "Pension awards, capitalized values" and as "Provision for unfinalled claims" are the actuarial estimates of the present values of future payments resulting from injuries which occurred during the current year. The calculation of the present value provides for the future indexation of pensions by assuming that the annual rate of return on the Board's investments will exceed the annual increase in the Consumer Price Index (CPI) by 2³/₈%.

(g) Prior Years' Claims

The Board determines its liabilities at the end of each year for all injuries that have taken place to that time. During the following year, it makes benefit payments and sets new awards on those prior injuries; benefits are also increased in line with increases in the CPI. Investment income is also earned on the assets available to finance those liabilities. At the end of the following year, the Board redetermines its actuarial requirements for those prior injuries, taking into account the actual investment income, benefit increases, claims payments and pension awards made during the year. The actuarial assumptions used in those calculations may also be modified to include the more recent experience of such factors as mortality, claims levels and claims costs. This process results in an adjustment to the fund liabilities and reserves.

(h) Assessment Income and Assessments Receivable

As a significant portion of assessment income for the year is not received until after the year-end, the amount shown is an estimate based on statistical data. The difference between the estimate and the actual income received is credited or charged to income in the following year.

Note 1 - Significant Accounting Policies (continued)

(i) Deposit Account Unfinalled Claims Receivable
Certain employers have been placed in deposit classes. These employers are billed on a monthly basis for wage loss compensation, medical aid payments and the capitalized value of pension awards made on their behalf, together with their proportionate share of administrative costs.

The receivable represents the present value of the estimated future payments for the unfinalled claims of deposit classes, less deposits required to be placed on account with the Board.

The Board also acts as the agent of the Government of Canada for the payment of compensation to federal employees in British Columbia. Amounts paid are recovered from the Government of Canada on a monthly basis.

Note 2 - Portfolio Investments ($,000's)

	1989	1988
Long-term investments, market value	2,496,853	1,958,381
Short-term investments, amortized cost	559,454	808,409
Bank indebtedness	(13,706)	(11,997)
	3,042,601	2,754,793

Note 3 - Fixed Assets ($,000's)

	1989				1988
	Cost	Depreciation	Accumulated Depreciation	Net Book Value	Net Book Value
Land	1,639	—	—	1,639	1,639
Buildings	49,714	1,347	12,433	37,281	38,639
Furniture, Equipment & Vehicles	44,615	7,120	22,816	21,799	18,026
Totals	95,968	8,467	35,249	60,719	58,304

Note 4 - Deferred Long-Term Investment Losses ($,000's)

	1989	1988
Balance - 1 January	44,875	37,065
Realized net gains for the year	(194)	(2,015)
Unrealized net (gains) losses for the year	(35,944)	8,083
	8,737	43,133
Amortization credited to investment income	5,866	1,742
Balance - 31 December	14,603	44,875

Note 5 - Adjustment to Fund Liabilities and Reserves ($,000's)

	1989				1988
	Accident Fund	Silicosis Fund	Special Reserves	Total	Total
Investment income allocation	309,240	3,631	3,076	315,947	272,595
Adjustment to prior years' actuarial estimates	(75,290)	(1,969)	—	(77,259)	(50,181)
Totals	233,950	1,662	3,076	238,688	222,414

Note 6 - Pension Awards, Capitalized Values ($,000's)

	1989	1988
Pension awards, capitalized values:		
Total	158,282	156,532
Charged to provision for unfinalled claims	133,110	133,670
Current year claims	25,172	22,862
Included in:		
Accident Fund	25,135	22,824
Silicosis Fund	37	38
	25,172	22,862

Note 7 - Superannuation Plan

The Board and its employees contribute to the Workers' Compensation Board Superannuation Plan, a defined benefit plan.

The Board's 1989 contributions to the Plan amounted to $5,466,000 (1988 - $5,016,000).

The Plan requires an actuarial valuation of the Plan's liabilities at intervals of not more than three years. The last valuation was carried out as at March 31, 1988. The pension plan liabilities have been projected to December 31, 1989, using the accrued benefit actuarial method, based on the actuarial valuation made as of March 31, 1988. Pension plan assets are stated at market related values. The resulting values of pension assets and liabilities as at December 31, 1989 are as follows:

	1989	1988
Assets	$136,160,000	$117,236,000
Liabilities	$129,279,000	$114,353,000
Net Surplus	$ 6,881,000	$ 2,883,000

The net surplus is not included in the Board's financial statements.

ACTUARY'S REPORT
ECKLER PARTNERS LTD.

The Pension Liabilities for the Accident and Silicosis Funds are for pensions in effect as at 1 January 1990, but excluding pensions arising from injuries to Federal Government workers (Class 19). The present value of increases in pensions effective 1 January 1990 has been included in the Liabilities. The Pension Liabilities have been computed using the same mortality, net interest rate and other assumptions used for the valuation as at 31 December 1988. The net interest rate of 2⅜% makes implicit provision for the future indexing of pensions on the assumption that interest earnings on Board assets in excess of 2⅜% will correspond to future increases in the Consumer Price Index.

The Unfinalled Claims Liabilities for the Accident and Silicosis Funds are shown separately for Rateable Classes and for Deposit Classes (excluding Class 19), and are based on projections of future claims payments and awards using ratios developed from the Board's claims experience, average benefit rates, the net interest rate assumption of 2⅜% and, where applicable, mortality, remarriage and other assumptions used for computing Pension Liabilities. The methods used in calculating these liabilities were substantially the same as those employed in the previous valuation as at 31 December 1988.

The liabilities included in this report have been computed by the Board in accordance with methods and assumptions approved by us. We have made such tests of the calculations as were deemed necessary. We have also examined the data upon which the calculations were based and found it to be sufficient for our purposes and consistent with the Board's financial statements.

In our opinion, the amounts set out below, which have been determined by the methods and assumptions described above, make reasonable provision for the future liabilities of the Board as at 31 December 1989.

	(in $,000's)
Accident Fund	
Pension Liabilities	1,699,116
Unfinalled Claims Liabilities	
- Rateable Classes	1,296,203
- Deposit Classes	84,601
	3,079,920
Silicosis Fund	
Pension Liabilities	21,366
Unfinalled Claims Liabilities	10,402
	31,768

Jacob Levi, F.S.A., F.C.I.A.
Eckler Partners Ltd.
Consulting Actuaries

12 March 1990

WORKERS' COMPENSATION BOARD

SCHEDULE 1

STATEMENT OF ALL YEARS' CLAIM COSTS AND UNAPPROPRIATED SURPLUS FOR THE YEAR ENDED 31 DECEMBER 1989 (in $,000's)

	1989	1988
INCOME		
Assessments		
Classes	495,743	402,133
Deposit accounts	21,288	36,776
Penalties	3,706	3,042
	520,737	441,951
Investment income		
Earned for the year	310,081	270,853
Amortization of long-term investment gains	5,866	1,742
	315,947	272,595
	836,684	714,546
EXPENSE		
Cost of workers' claims		
Wage loss compensation	185,778	169,952
Medical aid payments	77,981	73,177
Pensions paid	146,591	126,127
	410,350	369,256
Administration and other expenses		
Administration	97,863	88,033
Review Board and Advisers	5,990	5,274
Research grants and awards	758	868
	104,611	94,175
	514,961	463,431
EXCESS OF INCOME OVER EXPENSES	321,723	251,115
INCREASE (DECREASE) IN ACTUARIAL LIABILITIES AND RESERVES		
Actuarial liabilities		
Accident fund	300,540	267,162
Silicosis fund	835	113
	301,375	267,275
Reserves		
Accident fund special reserves	265	2,072
Benefit maintenance and assessment rate stabilization reserve	(145,946)	147
	(145,681)	2,219
	155,694	269,494
NET INCREASE (DECREASE)	166,029	(18,379)
UNAPPROPRIATED SURPLUS — 1 January	59,520	77,899
UNAPPROPRIATED SURPLUS — 31 December	225,549	59,520

STATEMENT OF ASSESSMENTS AND CURRENT YEAR INJURY COSTS FOR THE YEAR ENDED 31 DECEMBER 1989 (in $,000's)

Class and Sub-Class		INCOME	COSTS CHARGED TO SUB-CLASSES							NET
		Assessments	Wage Loss Compensation	Medical Aid Payments	Pension Awards Capitalised Values	Provision For Unfinalled Claims	Administration And Other Expenses	Appropriation To Special Reserves	Total Costs	Current Year Excess (Deficiency)
1	2	69,306	10,290	3,782	3,215	29,189	11,865	2,569	61,410	7,896
	4	9,294	1,608	693	22	4,772	1,758	341	9,147	147
	5	30,128	7,211	2,714	733	17,787	7,196	1,045	36,686	(6,558)
	7	7,197	2,087	793	488	4,939	1,766	264	10,337	(3,140)
	9	3,368	1,026	284	20	1,867	646	126	3,969	(601)
		119,293	22,222	8,266	4,478	59,007	23,231	4,345	121,549	(2,256)
4	3	4,092	717	220	30	2,472	657	152	4,248	(156)
	11	12,023	1,936	794	1,511	7,136	2,041	441	13,859	(1,836)
	18	1,879	218	53	0	321	229	69	890	989
	30	149	944	359	0	2,415	782	5	4,505	(4,356)
		18,143	3,815	1,426	1,541	12,344	3,709	667	23,502	(5,359)
6	2	10,214	3,188	1,034	217	5,547	2,382	379	12,747	(2,533)
	3	2,174	583	236	159	974	609	81	2,642	(468)
	4	6,822	1,807	728	27	3,423	1,507	245	7,737	(915)
	5	252	105	57	0	218	99	10	489	(237)
	8	1,446	750	162	428	645	433	53	2,471	(1,025)
	17	417	62	18	0	75	39	16	210	(207)
	18	419	190	72	0	180	161	16	619	(200)
	20	2,271	1,037	290	9	1,412	650	86	3,484	(1,213)
	21	19,202	5,318	1,756	45	10,547	4,002	708	22,376	(3,174)
	22	3,057	859	522	337	2,784	778	111	5,391	(2,334)
	24	2,897	1,078	284	3	1,562	588	107	3,622	(725)
	25	859	193	76	2	300	163	32	766	(93)
	26	26,684	8,642	2,185	0	15,058	4,711	984	31,580	(4,896)
	27	11,435	3,314	1,923	129	5,717	2,329	423	13,835	(2,400)
	31	264	130	46	1	110	82	10	379	(115)
	32	1,938	439	89	43	698	220	72	1,561	(377)
	36	1,059	299	121	0	1,150	289	39	1,898	(839)
	37	2,078	1,118	275	11	1,954	706	77	4,141	(2,063)
	39	2,126	547	142	2	801	489	78	2,059	67
	43	5,583	942	541	5	4,065	945	205	6,703	(1,120)
	46	65	23	8	0	39	18	2	90	(25)
	54	4,671	1,634	562	19	3,529	1,709	172	7,625	(2,954)
	56	54	40	9	0	68	58	2	177	(123)
	57	4,536	996	335	2	2,359	787	168	4,647	(111)
	58	1,225	340	121	0	622	209	45	1,337	(112)
	59	16,125	3,145	1,259	153	7,679	2,945	592	15,773	352
		127,873	36,779	12,851	1,592	71,516	26,908	4,713	154,359	(26,486)
7	5	17,484	2,585	753	0	5,957	2,207	647	12,149	5,335
	6	66,114	11,198	3,645	1,365	29,150	11,342	2,459	59,159	6,955
	7	35,629	11,042	3,632	785	21,865	8,387	1,307	47,018	(11,389)
	11	5,385	1,134	395	22	3,563	1,474	199	6,787	(1,402)
	13	2,332	483	176	2	862	271	86	1,880	452
	21	2,427	1,195	278	75	1,670	863	88	4,169	(1,742)
	25	8,125	943	334	336	3,382	1,550	306	6,851	1,274
	26	23,858	3,673	1,351	595	10,691	3,862	876	21,048	2,810
	47	582	53	28	0	137	222	22	462	120
	48	2,238	284	97	5	1,168	303	83	1,940	298
		164,174	32,590	10,689	3,185	78,445	30,481	6,073	161,463	2,711

STATEMENT OF ASSESSMENTS AND CURRENT YEAR INJURY COSTS FOR THE YEAR ENDED 31 DECEMBER 1989 (in $,000's)

Class and Sub-Class		INCOME	COSTS CHARGED TO SUB-CLASSES							NET
		Assessments	Wage Loss Compensation	Medical Aid Payments	Pension Awards Capitalized Values	Provision For Unfinalled Claims	Administration And Other Expenses	Appropriation To Special Reserves	Total Costs	Current Year Excess (Deficiency)
8	1	1,763	338	170	3	1,145	532	65	2,253	(490)
	8	2,926	449	154	0	1,633	545	108	2,889	37
	11	1,765	854	190	0	1,078	415	65	2,602	(837)
	12	1,037	385	95	0	403	255	38	1,176	(139)
	20	556	175	46	406	730	295	21	1,673	(1,117)
	23	2,048	115	38	178	1,046	119	76	1,572	476
	51	22,056	5,630	1,583	657	12,660	3,538	815	24,883	(2,827)
		32,151	7,946	2,276	1,244	18,695	5,699	1,188	37,048	(4,897)
9	1	3,107	1,118	243	99	2,479	776	115	4,830	(1,723)
	2	5,196	2,155	358	8	3,418	1,204	192	7,335	(2,139)
	6	2,164	945	252	12	1,928	387	83	3,607	(1,443)
	9	96	22	7	0	135	21	3	188	(92)
	11	5,046	1,241	457	334	3,167	1,274	193	6,666	(1,620)
		15,609	5,481	1,317	453	11,127	3,662	586	22,626	(7,017)
14	1	10,016	3,442	887	217	7,027	3,031	366	14,970	(4,954)
	6	12,070	2,384	855	7	6,433	2,453	444	12,576	(506)
		22,086	5,826	1,742	224	13,460	5,484	810	27,546	(5,460)
38		41	37	22	0	122	30	2	213	(172)
Total Classes		499,370	114,696	38,589	12,717	264,716	99,204	18,384	548,306	(48,936)
10		6,243	1,618	521	388	3,669	1,031	184	7,411	(1,168)
12		2,468	746	201	40	1,493	426	79	2,985	(517)
13		6,080	2,680	829	466	5,675	2,243	338	12,231	(6,151)
18		1,890	33	7	0	161	77	14	292	1,598
19		4,680	2,229	1,032	231	0	1,170	0	4,662	18
Total Deposit Accounts		21,361	7,306	2,590	1,125	10,998	4,947	615	27,581	(6,220)
Total Deposit Accounts and Classes		520,731	122,002	41,179	13,842	275,714	104,151	18,999	575,887	(55,156)
Silicosis										
2	3	0	0	0	0	0	8	0	8	(8)
	4	0	42	0	37	1,483	453	0	2,015	(2,015)
		0	42	0	37	1,483	461	0	2,023	(2,023)
Rounding		6	4	(3)	0	2	(1)	1	3	3
Grand Total		520,737	122,048	41,176	13,879	277,199	104,611	19,000	577,913	(57,176)

NOTE: 1. Assessment Income.
As a significant portion of assessment income is not received until after year end, the amount shown is an estimate based on statistical data. Adjustments to this estimate are made in the following year.

STATEMENT OF CHANGES IN SUB-CLASS BALANCES FOR THE YEAR ENDED 31 DECEMBER 1989 (in $,000's)

Class	Sub-Class	Unappropriated Surplus 1 January Balances	Benefit Maintenance and Assessment Rate Stabilization Reserve 1 January Balances	Total 1 January Balances	Current Year Excess (Deficiency)	Adjustment To Prior Years' Actuarial Estimates	Unappropriated Surplus 31 December Balances
1	2	2,673	9,019	11,692	7,896	17,928	37,516
	4	6,120	6,435	12,555	147	1,899	14,601
	5	17,968	22,520	40,488	(6,558)	5,192	39,122
	7	1,274	4,235	5,509	(3,140)	3,046	5,415
	9	1,829	2,327	4,156	(601)	998	4,553
		29,864	44,536	74,400	(2,256)	29,063	101,207
4	3	(2,418)	0	(2,418)	(156)	1,741	(833)
	11	(4,783)	0	(4,783)	(1,836)	4,767	(1,852)
	18	(974)	0	(974)	989	(294)	(279)
	30	10,841	4,894	15,735	(4,356)	2,792	14,171
		2,666	4,894	7,560	(5,359)	9,006	11,207
6	2	3,446	6,951	10,397	(2,533)	4,967	12,831
	3	973	1,937	2,910	(468)	1,172	3,614
	4	(186)	0	(186)	(915)	364	(737)
	5	780	332	1,112	(237)	146	1,021
	8	2,094	962	3,056	(1,025)	915	2,946
	17	(602)	0	(602)	207	69	(326)
	18	4	59	63	(200)	(111)	(248)
	20	5,793	1,958	7,751	(1,213)	(500)	6,038
	21	0	336	336	(3,174)	(3,321)	(6,159)
	22	(759)	0	(759)	(2,334)	758	(2,335)
	24	1,934	534	2,468	(725)	(100)	1,643
	25	(1,549)	0	(1,549)	93	(394)	(1,850)
	26	(5,765)	0	(5,765)	(4,896)	(994)	(11,655)
	27	9,298	6,956	16,254	(2,400)	1,524	15,378
	31	1,190	398	1,588	(115)	91	1,564
	32	899	213	1,112	377	659	2,148
	36	2,732	1,004	3,736	(839)	1,051	3,948
	37	(2,374)	0	(2,374)	(2,063)	(201)	(4,638)
	39	(760)	0	(760)	67	(822)	(1,515)
	43	4,481	2,000	6,481	(1,120)	(202)	5,159
	46	158	54	212	(25)	51	238
	54	5,081	3,082	8,163	(2,954)	303	5,512
	56	486	205	691	(123)	140	708
	57	(2,454)	0	(2,454)	(111)	1,883	(682)
	58	(1,990)	0	(1,990)	(112)	(264)	(2,366)
	59	392	2,311	2,703	352	130	3,185
		23,302	29,292	52,594	(26,486)	7,314	33,422
7	5	(11,334)	0	(11,334)	5,335	(1,547)	(7,546)
	6	(8,786)	0	(8,786)	6,955	4,471	2,640
	7	0	9,573	9,573	(11,389)	5,306	3,490
	11	(4,703)	0	(4,703)	(1,402)	(897)	(7,002)
	13	1,145	426	1,571	452	(162)	1,861
	21	2,194	3,512	5,706	(1,742)	1,059	5,023
	25	(14,807)	0	(14,807)	1,274	(1,057)	(14,590)
	26	3,260	3,691	6,951	2,810	8,714	18,475
	47	828	368	1,196	120	755	2,071
	48	1,640	2,324	3,964	298	(968)	3,294
		(30,563)	19,894	(10,669)	2,711	15,674	7,716

STATEMENT OF CHANGES IN SUB-CLASS BALANCES FOR THE YEAR ENDED 31 DECEMBER 1989 (in $,000's)

Class and Sub-Class		Unappropriated Surplus 1 January Balances	Benefit Maintenance and Assessment Rate Stabilization Reserve 1 January Balances	Total 1 January Balances	Current Year Excess (Deficiency)	Adjustment To Prior Years' Actuarial Estimates	Unappropriated Surplus 31 December Balances
8	1	1,030	1,985	3,015	(490)	888	3,413
	8	(6,397)	0	(6,397)	37	(2,393)	(8,753)
	11	232	1,378	1,610	(837)	(478)	295
	12	0	364	364	(139)	(404)	(179)
	20	2,752	997	3,749	(1,117)	(1,306)	1,326
	23	2,344	834	3,178	476	2,456	6,110
	51	9,418	14,943	24,361	(2,827)	5,586	27,120
		9,379	20,501	29,880	(4,897)	4,349	29,332
9	1	3,665	3,250	6,915	(1,723)	204	5,396
	2	1,981	3,566	5,547	(2,139)	346	3,754
	6	(212)	0	(212)	(1,443)	1,454	(201)
	9	187	197	384	(92)	284	576
	11	6,824	4,544	11,368	(1,620)	1,096	10,844
		12,445	11,557	24,002	(7,017)	3,384	20,369
14	1	1,664	8,563	10,227	(4,954)	(3,649)	1,624
	6	573	1,940	2,513	(506)	3,218	5,225
		2,237	10,503	12,740	(5,460)	(431)	6,849
38		3,067	1,865	4,932	(172)	715	5,475
Total Classes		52,397	143,042	195,439	(48,936)	69,074	215,577
10		0	0	0	(1,168)	1,168	0
12		0	0	0	(517)	517	0
13		0	0	0	(6,151)	6,151	0
18		0	0	0	1,598	(1,598)	0
19		0	0	0	18	(18)	0
Total Deposit Accounts		0	0	0	(6,220)	6,220	0
Total Deposit Accounts and Classes		52,397	143,042	195,439	(55,156)	75,294	215,577
Silicosis							
2	3	1,847	426	2,273	(8)	262	2,527
	4	5,276	2,478	7,754	(2,015)	1,707	7,446
		7,123	2,904	10,027	(2,023)	1,969	9,973
Rounding		0	0	0	3	(4)	(1)
Grand Total		59,520	145,946	205,466	(57,176)	77,259	225,549

NOTE: 1. Benefit Maintenance and Assessment Rate Stabilization Reserve.
All amounts included in the Benefit Maintenance and Assessment Rate Stabilization Reserve as at 1 January have been transferred during the year to unappropriated surplus.

SCHEDULE 3

STATEMENT OF ADMINISTRATION EXPENSES FOR THE YEAR ENDED 31 DECEMBER 1989 (in $,000's)

	1989	1988
Salaries and employees' benefits	77,901	70,774
Depreciation	8,467	6,921
Consulting fees	4,135	3,886
Building and services	3,362	2,735
Equipment	3,074	2,744
Communications	3,029	2,971
Supplies and stationery	2,782	2,599
Advertising	2,573	2,134
Staff travel	2,443	2,236
Miscellaneous	1,715	1,601
Publications	1,234	1,051
Industry hearing examinations	686	583
Medical review panel	629	800
Patients' meals	464	591
Automobile fleet	461	451
Employee relocation	221	218
Gain on disposal of fixed assets	(147)	(139)
	113,029	102,156
Less: Miscellaneous income	(2,361)	(2,314)
	110,668	99,842
Less: Allocated to medical aid	(12,554)	(11,545)
Allocated to investment income	(251)	(264)
TOTAL ADMINISTRATION EXPENSES	97,863	88,033

SCHEDULE 4

PORTFOLIO INVESTMENTS HELD AS AT 31 DECEMBER 1989 (in $,000's)

	1989	1988
Government of Canada and Federal Crown Corporations	158,825	237,315
Province of British Columbia and Crown Corporations	365,125	423,231
British Columbia Municipal and School	188,343	116,217
Other Provinces and Crown Corporations	1,784,560	1,181,618
Long-term investments, market value	2,496,853	1,958,381
Short-term investments, amortized cost	559,454	808,409
Bank indebtedness	(13,706)	(11,997)
	3,042,601	2,754,793

COMMENTARY ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1989

The following commentary is provided to assist readers in understanding the intent and content of the preceding financial Exhibits and Schedules.

Exhibit 1 — Balance Sheet

This Exhibit reveals the Board's financial position at the end of its fiscal year. It identifies all assets owned by the Board, such as investments, fixed assets and amounts receivable from others. It also discloses the amounts owed to others as a result of day-to-day operations, and the actuarial estimate of the present value of pensions and other costs of claims to be paid by the Board in future years for existing claimants. These Accident Fund and Silicosis Fund liabilities are evaluated each year, and independently confirmed by the Consulting Actuary.

The amount by which the assets exceed the liabilities is called, in this Exhibit, the "Unappropriated surplus".

Exhibits 2 to 5 analyze the changes which occurred during the year for certain of the Balance Sheet items.

Exhibit 2 — Statement of Income and Expense and Unappropriated Surplus

This Exhibit gives a breakdown of the Board's income and expenses for the year and shows how the net of these items resulted in the change for the year in the unappropriated surplus.

Income comprises assessments received from B.C. employers and from investment earnings. In this Exhibit, expenses are classified into the categories of claims arising in the current year, claims made in prior years and administration and other expenses.

Readers should also examine Schedule 1, which further analyzes the change in Unappropriated Surplus.

Exhibit 3 — Statement of Changes in Fund Liabilities

As described under Exhibit 1, the liabilities of the Accident and Silicosis Funds are adjusted each year to reflect the current year's claims and a re-evaluation of past years' remaining liabilities based on current conditions. Exhibit 3 reveals the items which were added to the liabilities (mainly the addition of current year costs) and the items deducted from the liabilities (mainly payments made) during the year.

Shown at the bottom of this Exhibit are the portions of the two funds represented by pensions awarded and by estimates of future costs of claims currently unfinalled (i.e. where no pension award has yet been made).

Exhibit 4 — Statement of Changes in Reserve Balances

(a) Accident Fund Special Reserves

Under the Workers Compensation Act, the Board is required to maintain reserves to cover the costs of claims arising from disasters, from the deterioration of previously existing injuries or conditions, and from the continuing costs of classes of industry that cease to operate. These special reserves are shown as part of the Reserves on Exhibit 1.

(b) Benefit Maintenance and Assessment Rate Stabilization Reserve

All amounts included in the Benefit Maintenance and Assessment Rate Stabilization Reserve as at 1 January have been transferred during the year to unappropriated surplus.

Exhibit 4 reveals the items making up the additions to, and deductions from, the reserves during the year.

Exhibit 5 — Statement of Changes in Financial Position

This Exhibit sets out all of the Board's sources of funds during the year and those areas to which the funds were applied. These sources and dispositions of funds are categorized into the two main activities of the Board, operating and other. The net increase in funds was invested; therefore, the statement shows all those items which caused the change during the year in the value of investments carried on Exhibit 1.

Within operating activities the Exhibit begins with the net income (loss) (from Exhibit 2) and adjusts this amount for items included in it which do not involve cash. Then it adjusts for cash transactions which are charged directly to the Accident or Silicosis Funds or

to the Special Reserves to arrive at the amount of cash generated from operations.

Other activities reflect the purchase of fixed assets together with the changes in the Board's assets and liabilities which generate or use cash.

Schedule 1 — Statement of All Years' Claims Costs and Unappropriated Surplus

This Schedule reveals how the Board's income and expense during the year, together with the change in the Accident and Silicosis Fund liabilities and with the change in the reserves, has resulted in a change in the Unappropriated Surplus.

The income figures are the same as those on Exhibit 2, while the expense section combines and categorizes payments for the current year claims from Exhibit 2 with payments for prior years' claims from the Accident and Silicosis Funds on Exhibits 3 and 4.

Schedule 2(a) — Current Year— Statement of Assessments and Current Year Injury Costs

Both this Schedule and Schedule 2(b) break down the contents of Exhibit 2 by sub-class. This schedule shows the total of the elements comprising the changes in the sub-class balances for the current year. The total of this schedule, referred to as the Current Year Excess (Deficiency), is transferred to Schedule 2(b) under the same name.

Schedule 2 (b) — Balance Changes — Statement of Changes in Sub-Class Balances

This Schedule further breaks down the contents of Exhibit 2 by sub-class. It provides employers with a summary for the year of the changes which occurred in their own sub-class balances of the Unappropriated Surplus.

All amounts included in the Benefit Maintenance and Assessment Rate Stabilization Reserve as at 1 January have been transferred during the year to unappropriated surplus.

Schedule 3 — Statement of Administration Expenses

This Schedule gives an analysis of the major types of administration expenses on a comparative basis.

The reductions at the bottom of this schedule disclose:

(a) administration costs incurred for the Rehabilitation Clinic and the Residence which are reclassified to medical aid costs, and

(b) administration costs incurred in executing the investment program which are reclassified against investment income.

Schedule 4 — Portfolio Investments Held

This Schedule reveals the composition of the Board's long-term investments by groupings of type of jurisdiction or organization, as well as the total for each of short-term investments (term under one year) and cash or bank indebtedness. The long-term, short-term, and bank indebtedness totals match those shown on Exhibit 1.